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Health Services Cost Review Commission

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To: Hospital Chief Financial Officers
Cc: Case-Mix Liaisons and Quality Liaisons
From: Dr. Alyson Schuster, Associate Director, Performance Measurement
Date: January 4, 2017
Re: Quality-Based Reimbursement Program Rate Year 2017 Revenue Adjustments

The purpose of this memorandum is to inform hospitals that the Maryland Health Services Cost Review Commission (HSCRC) will be using the results in Appendix A for the rate year (RY) 2017 Quality-Based Reimbursement (QBR) program. The Hospitals were previously sent their RY 2017 QBR scores, along with a memorandum detailing the scoring methodology on September 30, 2016.

The Commission previously approved a new methodology for calculating the incentives for the RY 2017 QBR program, whereby rewards and penalties were based on a preset scale. Staff set the payment scale based on the base year attainment-only performance score, but did not account for improvement trends due to insufficient data. Once the performance data became available, staff determined that the RY 2017 scale was set too low, and almost all hospitals would have received a reward despite relatively poor performance. As a result, the Commission approved a retrospective adjustment to the RY 2017 QBR scale that uses final scores, which include the better of attainment and improvement, to set a linear scale where hospitals scoring below the statewide average are penalized and those above the average are rewarded.

To minimize the negative revenue adjustments during the current rate year due to this change, penalties for the RY 2017 QBR program will be applied in two phases: partial penalties will be applied during the RY 2017 rate adjustments in January (up to the original preset scale amount), and the remaining penalties will be applied in the RY 2018 rate adjustments in July. RY 2018 QBR adjustments will be made in January 2018 or July 2018. Overall, the statewide total penalties for RY 2017 are \$20.5 million and rewards are \$10.6 million.

If you have any questions, please email hsrc.quality@maryland.gov or call Dr. Alyson Schuster at 410-764-2673.

Appendix A. QBR Scaling for RY 2017

HOSPID	Hospital Name	FY 16 Permanent Inpatient Revenue	RY 2017 QBR FINAL POINTS	Original RY 2017 Scale		Final RY 2017 Scale		January 2017 and July 2017 Implementation	
				% Revenue Impact	\$ Revenue Impact	% Revenue Impact	\$ Revenue Impact	Jan 2017 Rate Order Adjustment effective July 2016	Rate Order FY 18 GBR (July 2017)
A	B	C	D	E	F	E	F=E*C	G	H
210013	Bon Secours Hospital	\$74,789,724	0.07	-2.00%	-\$1,495,794	-2.00%	-\$1,495,794	-\$1,495,794	\$0
210055	Laurel Regional Hospital	\$60,431,106	0.16	-1.11%	-\$670,785	-1.40%	-\$846,035	-\$670,785	-\$175,250
210038	Maryland General Hospital	\$126,399,313	0.20	-0.67%	-\$846,875	-1.13%	-\$1,432,526	-\$846,875	-\$585,650
210040	Northwest Hospital Center	\$114,214,371	0.22	-0.44%	-\$502,543	-1.00%	-\$1,142,144	-\$502,543	-\$639,600
210004	Holy Cross Hospital	\$316,970,825	0.23	-0.33%	-\$1,046,004	-0.93%	-\$2,958,394	-\$1,046,004	-\$1,912,391
210003	Prince Georges Hospital Center	\$220,306,426	0.24	-0.22%	-\$484,674	-0.87%	-\$1,909,322	-\$484,674	-\$1,424,648
210062	Southern Maryland	\$156,564,761	0.25	-0.11%	-\$172,221	-0.80%	-\$1,252,518	-\$172,221	-\$1,080,297
210016	Washington Adventist Hospital	\$155,199,154	0.25	-0.11%	-\$170,719	-0.80%	-\$1,241,593	-\$170,719	-\$1,070,874
210012	Sinai Hospital	\$415,350,729	0.31	0.18%	\$747,631	-0.40%	-\$1,661,403	\$0	-\$1,661,403
210037	Memorial Hospital at Easton	\$101,975,577	0.31	0.18%	\$183,556	-0.40%	-\$407,902	\$0	-\$407,902
210023	Anne Arundel Medical Center	\$291,882,683	0.31	0.18%	\$525,389	-0.40%	-\$1,167,531	\$0	-\$1,167,531
210015	Franklin Square Hospital Center	\$274,203,013	0.31	0.18%	\$493,565	-0.40%	-\$1,096,812	\$0	-\$1,096,812
210024	Union Memorial Hospital	\$238,195,335	0.31	0.18%	\$428,752	-0.40%	-\$952,781	\$0	-\$952,781
210011	St. Agnes Hospital	\$232,266,274	0.32	0.21%	\$487,759	-0.33%	-\$774,221	\$0	-\$774,221
210043	Baltimore Washington MC	\$237,934,932	0.33	0.25%	\$594,837	-0.27%	-\$634,493	\$0	-\$634,493
210027	Western MD Regional MC	\$167,618,972	0.34	0.29%	\$486,095	-0.20%	-\$335,238	\$0	-\$335,238
210006	Harford Memorial Hospital	\$45,713,956	0.35	0.32%	\$146,285	-0.13%	-\$60,952	\$0	-\$60,952
210051	Doctors Community Hospital	\$132,614,778	0.35	0.32%	\$424,367	-0.13%	-\$176,820	\$0	-\$176,820
210001	Meritus Hospital	\$190,659,648	0.36	0.36%	\$686,375	-0.07%	-\$127,106	\$0	-\$127,106
210009	Johns Hopkins Hospital	\$1,244,297,900	0.36	0.36%	\$4,479,472	-0.07%	-\$829,532	\$0	-\$829,532
210032	Union of Cecil	\$69,389,876	0.37	0.39%	\$270,621	0.00%	\$0	\$0	\$0
210029	Johns Hopkins Bayview MC	\$343,229,718	0.38	0.43%	\$1,475,888	0.05%	\$171,615	\$171,615	\$0
210057	Shady Grove Adventist Hospital	\$220,608,397	0.38	0.43%	\$948,616	0.05%	\$110,304	\$110,304	\$0
210019	Peninsula Regional MC	\$242,318,199	0.38	0.43%	\$1,041,968	0.05%	\$121,159	\$121,159	\$0
210049	Upper Chesapeake MC	\$135,939,076	0.38	0.43%	\$584,538	0.05%	\$67,970	\$67,970	\$0
210030	Chester River Hospital Center	\$21,575,174	0.38	0.43%	\$92,773	0.05%	\$10,788	\$10,788	\$0
210002	University of Maryland Hospital	\$906,034,034	0.39	0.46%	\$4,167,757	0.10%	\$906,034	\$906,034	\$0
210061	Atlantic General Hospital	\$37,750,252	0.39	0.46%	\$173,651	0.10%	\$37,750	\$37,750	\$0

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210017	Garrett County Memorial	\$19,149,148	0.40	0.50%	\$95,746	0.15%	\$28,724	\$28,724	\$0
210060	Fort Washington Medical Center	\$19,674,774	0.41	0.54%	\$106,244	0.20%	\$39,350	\$39,350	\$0
210008	Mercy Medical Center	\$214,208,592	0.41	0.54%	\$1,156,726	0.20%	\$428,417	\$428,417	\$0
210035	Civista Medical Center	\$67,052,911	0.42	0.57%	\$382,202	0.25%	\$167,632	\$167,632	\$0
210033	Carroll Hospital Center	\$136,267,434	0.43	0.61%	\$831,231	0.30%	\$408,802	\$408,802	\$0
210039	Calvert Memorial Hospital	\$62,336,014	0.43	0.61%	\$380,250	0.30%	\$187,008	\$187,008	\$0
210063	UM ST. JOSEPH	\$234,223,274	0.43	0.61%	\$1,428,762	0.30%	\$702,670	\$702,670	\$0
210010	Dorchester General Hospital	\$26,999,062	0.44	0.64%	\$172,794	0.35%	\$94,497	\$94,497	\$0
210018	Montgomery General Hospital	\$75,687,627	0.45	0.68%	\$514,676	0.40%	\$302,751	\$302,751	\$0
210034	Harbor Hospital Center	\$113,244,592	0.45	0.68%	\$770,063	0.40%	\$452,978	\$452,978	\$0
210005	Frederick Memorial Hospital	\$190,413,775	0.46	0.71%	\$1,351,938	0.45%	\$856,862	\$856,862	\$0
210022	Suburban Hospital	\$193,176,044	0.47	0.75%	\$1,448,820	0.50%	\$965,880	\$965,880	\$0
210044	Greater Baltimore MC	\$207,515,795	0.49	0.82%	\$1,701,630	0.60%	\$1,245,095	\$1,245,095	\$0
210056	Good Samaritan Hospital	\$160,795,606	0.49	0.82%	\$1,318,524	0.60%	\$964,774	\$964,774	\$0
210048	Howard County General Hospital	\$165,683,744	0.57	1.00%	\$1,656,837	1.00%	\$1,656,837	\$1,656,837	\$0
210028	St. Mary's Hospital	\$69,169,248	0.72	1.00%	\$691,692	1.00%	\$691,692	\$691,692	\$0
	Statewide Total	\$8,730,031,841			\$27,058,414		-\$9,883,530	\$5,229,972	-\$15,113,502

Total Penalties	-5,389,617		-20,503,119	-5,389,617	-15,113,502
% Inpatient Revenue	-0.06%		-0.23%	-0.06%	-0.17%
Total Rewards	32,448,031		10,619,589	10,619,589	0
% Inpatient revenue	0.37%		0.12%	0.12%	0.00%